



Town of Minturn
301 Boulder St #309
Minturn, CO 81645
970-827-5645
info@minturn.org
www.minturn.org

Background

The Town is in the final stages of implementing a Settlement Agreement with the owners of the Battle Mountain property ("Battle Mountain"). The settlement would resolve litigation filed by the Town for breach of various agreements stemming from the annexation and proposed development of the Battle Mountain property. The Settlement Agreement is attached as Exhibit 1. Town staff and its legal team want to provide Council with a description of the implementation of the Settlement Agreement and the due diligence undertaken by the Town with respect to property to be conveyed to the Town.

The structure of the Settlement Agreement allows Battle Mountain to apply for various Town land use approvals and, if those approvals are granted, Battle Mountain will convey certain land to the Town. Over the last 10 months, the Council has held public meeting to consider the various land use approvals identified in the Settlement Agreement and granted associated approvals. These approval documents are being held by the Town Clerk in a sort of escrow pending completion of the due diligence period provided for in the Settlement Agreement (and extended through subsequent amendments). These approvals include:

- A. Adoption of various amendments to the Town Code that provide:
 - a. New residential and limited commercial zoning for the Battle Mountain property; residential development of the Battle Mountain property is capped at 250 units.
 - b. An exception that allows the Battle Mountain property to be served with potable water by a non-Minturn water supplier (Eagle River Water and Sanitation District).
 - c. A subdivision exemption process for land areas larger than 5 acres. Parcels created by the subdivision exemption process have no development right without going through a future Town subdivision or design review application process.
- B. Formation of up to 4 metropolitan districts which will finance infrastructure development, provide services for Battle Mountain property (e.g. private road maintenance and operation), and undertake ownership and coordination of environmental compliance for lands located within the superfund site.
- C. Adoption of a Development Agreement that grants Battle Mountain vested rights for a period of 30 years and guides the process for future land uses to occur.
- D. Disconnection from Minturn of the Rex Flats and Gilman areas.
- E. Exemption plat creating parcels within the Battle Mountain property (Exhibit 2). The exemption plat is in the process of being reviewed and approved subject to conditions recommended by staff in an administrative process.
- F. Dissolution of the General Improvement District that was created in 2008.

Upon "Closing" of the Settlement Agreement, the various approval documents will be recorded in the public records. This will result in the previous land use approvals as associated agreements (primarily adopted in 2008) being vacated and no longer binding on the parties. Also, as part of the Closing, the Town will receive deeds and covenants for the following parcels depicted on Exhibit 3.

1. A deed conveying the Highlands parcels (Parcels 1 and 2) consisting of approximately 55 acres. A separate access easement granting two routes over the Old Tailing Pile parcel (Parcel 3) will also be conveyed to the Town.
2. A deed conveying the Reservoir South parcel (Parcel 5) which is adjacent to the Bolts Lake Reservoir site and contains approximately 13 acres.
3. A deed conveying two small parcels between the Eagle River and Highway 24 (Parcels 6 and 8) containing approximately 3 acres.
4. A deed conveying a two-acre parcel next to the Minturn Fitness Center (Parcel 11) which can be used for public purposes such as recreation and arts facilities and up to three employee housing units.
5. A covenant granting the Town the right to purchase the Old Tailings Pile parcel (Parcel 3) after construction of Bolts Lake Reservoir and remediation of the property. The parcel is approximately 65 acres in size. The right to purchase is for \$1.
6. A covenant granting the Town the right to purchase the Processing (Parcel 4) after construction of Bolts Lake Reservoir and restoration of the property. The parcel is approximately 7 acres in size. The right to purchase is for \$1.
7. A covenant granting the Town the right to purchase the Maloit wetlands parcel (Parcel 3) after remediation and delisting from the superfund site. The parcel is approximately 17 acres in size. The right to purchase is for \$1.
8. An easement across the Consolidated Tailings Pile parcel for recreation purposes.

Battle Mountain and the Town are currently working on the form of the conveyance documents.

Environmental Due Diligence

Some of the parcels that lie within the Superfund Site are subject to environmental covenants with the Colorado Department of Public Health and Environment. A memorandum from Battle Mountain discussing the covenants is attached as Exhibit 4. After remediation of parcels that will be eventually conveyed to the Town (e.g. Old Tailings Pile), these environmental covenants may be modified to allow for new uses of the property.

Additional environmental assessment to be included prior to August 7, 2024. [Link here for the Phase I Environmental Site Assessment \(ESA\).](#)

Valuation Due Diligence

The Town commissioned an appraisal of the parcels that it will receive in fee or in which it will obtain easement rights. Jonathan Lengel is a licensed appraiser who specializes in complex valuations in and around Eagle County. A copy of his appraisal report is attached as Exhibit 5. A summary of the appraisal valuation is below. It is important to note two variables. First, the appraisal makes assumptions about the future uses of the parcels. The Code amendments zoned the parcels that the Town will receive in fee as “holding zone.” This means that before any land use can occur on these parcels, there will be a public process to determine how the land should be used. As such, the value associated with each parcel could change depending on the future zoning designation. Second, the valuations are in current dollars and contemplate a current conveyance to the Town. Some parcels with meaningful valuation will not be transferred to the Town until the Bolts Lake Reservoir is completed and environmental remediation undertaken. As such, the future value that the Town will obtain could be discounted to account for time.

Market Values

PARCEL NAME	PARCEL ID	ZONING	CONCEPTUAL USAGE	DATE OF VALUE	MARKET VALUE
Highlands 1	Parcel A	Holding District	Low Density Residential	January 15, 2024	\$6,700,000
Highlands 2	Parcel B	Holding District	Low Density Residential	January 15, 2024	\$9,800,000
Old Tailings Pile	Parcel C	Holding District	High Density Residential	September 1, 2028	\$26,000,000
Recreation Center	Parcel D	Holding District	Public arts/recreation Restricted Residential	January 15, 2024	\$796,000
Reservoir South	Parcel E	Holding District	Reservoir access for public	January 15, 2024	\$25,000
Highway Tract B	Parcel F	Holding District	Recreation	January 15, 2024	\$30,000
Highway Tract D	Parcel G	Holding District	Recreation	January 15, 2024	\$8,000
Consolidated Tailings Pile	Parcel H	Bolts OS/Rec. Dist.	Recreation/public utility	January 15, 2024	\$525,000
Soil Processing	Parcel I	Bolts OS/Rec. Dist.	Recreation/reservoir access for public	September 1, 2028	\$3,700,000
Maloit Wetlands	Parcel J	Bolts OS/Rec. Dist.	Recreation	January 15, 2024	\$30,000

The combined value of the parcels and property interests that the Town will eventually acquire is around \$47,600,000. This is a substantial value to the Town. The Settlement Agreement provides that the land obtained in the settlement also compensates the water enterprise fund. To that end, proceeds from the sale of a portion of the property can be used to assist with costs associated with a water treatment plant.

Legal Due Diligence

The Town will obtain title insurance for the parcels conveyed to it. The Town attorney has undertaken a review of the title commitment and is working with the title company to have any inapplicable exceptions removed. The Town is paying the costs of the title insurance policy. There are no water rights conveyed as part of this transaction.

Matters Required for Closing

Closing is scheduled to occur on or before August 22. As noted, the Town is working on the form of various conveyance deeds and covenants to implement the Settlement Agreement's terms. The form of the exemption plat is still undergoing some work and final approval is handled administratively. Additionally, at Closing documentation will be executed that terminates the pending litigation "with prejudice" meaning that the claims cannot be re-filed.